

# Clinics not bogged down by red tape can ease health cost burdens

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Health clinics that can provide primary care for low-income patients may ease the financial burden on both hospitals and insurance companies while improving patient health, researchers have concluded.

A study of hospital admissions suggests that [health clinics](#) that avoid costs associated with [insurance](#) administration can help hospitals save money by lowering [hospital admission rates](#) and [emergency room visits](#), according to Mark Agee, professor of economics, Penn State Altoona.

The researchers estimated that the major hospital in the area saved \$201,414 annually in lower emergency room visits and admissions. They also reported that the hospital showed a decrease of 56 admissions per 1000 [patients](#) during the three years that the data was collected.

Partnering for Health Services, the Altoona-based clinic examined in the study, relies on a combination of volunteers and paid staff members to care for patients, but avoids most of the costs associated with insurance billing and administration. Hospitals spend about 14.5 percent of their total revenue on administering insurance and billing, according to the researchers, who report their findings in a recent issue of the *Journal of Primary Care and Community Health*.

Administering insurance plans also consumes time and resources, Agee said. Doctors spend about three weeks each year dealing with insurance matters and nursing staff puts in an additional 23 weeks a year on insurance issues.

"The nursing staff can spend a large amount of time dealing with [insurance companies](#) and getting approval for procedures," said Agee, who worked with Zane Gates, an Altoona physician and Partnering for Health Services founder.

The clinic, which does not provide major surgical procedures, offers a mix of free and paid plans depending on income level. Patients with household income of up to 150 percent of federal poverty level pay no fee, while patients with income up to 300 percent of the poverty level pay \$99 a month for non-urgent care. Small business owners can purchase a plan for employees at \$169 per month for each worker.

When compared to two other private, fee-for-service physician groups in the same area, the clinic treated an equal—and, in some cases, higher—average number of patients with chronic conditions, such as diabetes and coronary artery disease.

Patients also tended to go to the clinic more often. When people see a doctor more often, they tend to have better overall health, according to Agee.

"Since the patient has a place to go and can have treatments tailored to their chronic illnesses, they tend to go more often and that can lead to better health outcomes," said Agee.

According to Agee, the system also meets provisions in the recently passed Affordable Care Act.

Pennsylvania recently used this insurance administration-free clinic system as a model to fund a pilot program that will eventually open five new clinics across the state, Agee said.

The researchers compared data from the insurance administration-free

clinic—Partnering for Health Services—with the two largest [primary care](#) groups in the area. They used data on [health](#) conditions, the number of visits and the number of inpatient admissions from currently active patients who were aged 18 to 64 years old.

Provided by Pennsylvania State University

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